

**EGREMONT ANNUAL TOWN MEETING
MAY 5, 2015**

FINANCE COMMITTEE RECOMMENDATIONS

A summary of the Finance Committee's recommendations is on the town website and attached to this general summary and has also been distributed to various locations throughout the town.

The Selectmen's proposed *operating budget* for Fiscal Year 2016 (FY16) totals \$2,388,169, an increase of \$20,207 (less than 1%) over Fiscal Year 2015 (FY15). The proposed *school operating, transportation and capital budgets* total \$1,670,140, a 20% increase of \$277,921 over last year. Most of the increase is due to an additional 15 children from Egremont attending the Southern Berkshire Regional School District. The number of children attending school in the district is a significant part of the formula that determines how much each town must pay. The total line item budget (town and school district) for FY16 is \$4,058,309, an increase of \$298,128 (7.9% overall). Proposed special articles (not including the Water Department) for FY16 total \$3,707,648, inclusive of \$2,940,000 for the broadband initiative and \$500,000 to replace the Mt. Washington bridge. FY15 special articles totaled \$273,993.

Townpeople may place holds on any line item on which they have a question or wish to challenge.

Our real estate tax rate for the year is determined by the Department of Revenue in the fall by (1) adding our total budgeted expenditures approved at town meeting, including the line items (Article 2) and the FY16 financial impact of those special articles that are not paid out of Free Cash, any charges for the Water Department not subsidized up front, snow and ice expenditures over the budgeted amount, and certain other items, and (2) subtracting anticipated receipts from fees and charges and monies paid the town by the state, etc., and spreading the resulting balance over the assessed valuation of all real estate in the town.

For FY15 the formula described above produced a tax rate of \$8.88 per \$1,000 of assessed valuation up from \$8.26 the previous year. We will not know the tax rate for FY16 until the fall. In order to provide a rough estimate of the impact of town operational and school expenditures proposed in the warrant on your real estate taxes, taking into account estimated receipts (other than taxes), every \$380,904 (based on a total valuation of \$380,904,827) of town expenditures requires \$1.00 per \$1,000 of assessed value. If the budget, after estimated receipts, results in \$3,800,000 to be raised by taxes, the tax rate would be \$10.00/\$1,000 of assessed value. A home valued at \$350,000 would pay \$3,500. As noted above, items in the special articles section would increase the amount to be raised if not paid out of Free Cash, the Stabilization Fund or transfer of funds.

SALARY/WAGES/BENEFITS

The Selectmen propose a 2.5% increase in salaries/wages for most town employees. They voted to level fund all elected positions. Revised salaries/wages for FY15 totaled approximately \$695,403. For FY 16 salaries/wages (not including firefighter's stipends) are \$723,262, a 4% overall increase. According to MIA's rates (we are a member of the Massachusetts Municipal Association and get our health insurance and property and casualty insurance through them), health insurance premiums for FY16 will rise 7.2%, dental premiums will rise slightly and life insurance premiums will remain level.

The town's share of FY16 premiums for health, dental and life insurance is estimated at \$215,000, an increase of 6.1% over FY15. It includes reserves for a family plan for a new hire or change during the year. The cost of a family plan for health, dental and life insurance ranges between \$23,534 and \$30,398 of which 75% is borne by the town. Total salaries/wages and benefits for our employees (not including collective bargaining or pension payments) for FY16 is \$952,262 (4.4% over FY15). We also have costs associated with social security (\$14,000) and unemployment compensation (\$10,000).

The Selectmen proposed a longevity pay policy in FY14 to take effect in FY15. It did not pass at town meeting in May 2014. The Selectmen have proposed it again.

The Finance Committee recommends approval of this line item, 6-0.

The Finance Committee recommends approval of a 2.5% increase in pay for our employees (5-1 absent). Elected officials are level funded.

At a recent joint meeting between the Finance Committee and the Board of Selectmen to discuss salary/wage increases, the block step nature of the raises for all employees (basically year after year) was discussed. The Finance Committee proposed that the Selectmen consider raises based on a specified percentage amount (to be determined each year) and subject to employee job reviews.

PROPERTY AND CASUALTY INSURANCE PREMIUMS

This account covers professional liability for police and fire, general liability, workers' compensation and property and casualty insurance for the town's assets. The town's property and casualty insurance premiums increased dramatically in 2006 and 2009 due to large claims involving the Fire Department. Insuring the new police station, additional highway equipment and the new fire truck have caused our premiums to increase. FY15 premiums were budgeted at \$100,637. Because the asset mix changed, premiums for FY16 are budgeted at \$98,389.

POLICE DEPARTMENT BUDGET

This is the last year for the current Collective Bargaining Agreement. The Department's budget for FY15 (including collective bargaining but not including facility maintenance and computer support) was \$335,741. The proposed budget for FY16 totals \$344,570, an increase of \$8,829 (2.6%). The Collective Bargaining Agreement mandated 2.5% raises for FY 16, and other additions to salaries. Raises are given once a year, subject to satisfactory reviews. We currently have 2 full time officers, and 6 appointed part time officers, with funds set aside for a third full time officer.

The Finance Committee estimates the cost of having our police force is approximately \$475,000/year. For a house worth \$350,000 it amounts to \$441 per year based on FY15's tax rate.

HIGHWAY DEPARTMENT BUDGET

The Highway Department's line item budget is \$472,386, less than 1% over FY15. Chapter 90 funds for FY15 totaled \$229,514. Additionally, we received approximately \$23,000 in pothole repair funds. Our Highway Department uses these funds to improve our town roads. Our Snow & Ice expenditure budget remains at \$70,000, although overruns are common. The overrun for the FY15 winter is \$48,870. Snow & Ice covers the repair and winter maintenance of equipment as well as the purchase of supplies required to plow and sand. The Finance Committee recommends keeping Snow & Ice at \$70,000 so that overruns can be closely monitored.

ARTICLE 3: WATER DEPARTMENT BUDGET

The Water Department's budget for FY16 is \$260,580, an increase of \$13,600 (5.5%) over FY15 primarily due to a \$9,750 line item for software to further enable the Department to monitor water consumption and billing. The software will also be tied into the accounting and treasurer's software programs to avoid duplication of efforts and mistakes. This article proposes that the \$260,580 budget be supported by \$190,000 in Water Department revenues, \$5,938 to be transferred from Water Department Retained Earnings and a taxpayer subsidy in the amount of \$64,642. The Finance Committee believes the Water Department's budget is reasonable.

The Finance Committee recommends approval (6-0).

ARTICLES 4 THROUGH 25 6 SEE ATTACHED SUMMARY IN GRID FORM

The Egremont Finance Committee for the Fiscal Year 2015-2016

Laura Allen, Chairman
Ralph Noveck
Edward Scarbro

Michael Bandzierz, Vice Chairman
Thomas Berkel, Secretary
Eric Swanson